

THE MUNICIPALITY OF

MAGARENG

FINANCIAL STATEMENTS

30TH JUNE 2005

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2005

**MAGARENG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2005**

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GENERAL INFORMATION**MEMBERS OF THE COUNCIL:**

W Johnson - Mayor
M.M Moloi
M.P Moleme
N.A Lorathu
C.K Olivier
J.J Duvenhage
M.M Van Wyk
B.E Oliphant
E.R Booï

GRADING OF LOCAL AUTHORITY:

Grade : 2

AUDITOR:

The Auditor-General: Northern Cape

BANKERS:

ABSA Bank Ltd - Warrenton

REGISTERED OFFICE:

Magrieta Prinsloo Street
Warrenton
8530

Milton

MUNICIPAL MANAGER:

PP Kunalgoe

CHIEF FINANCIAL OFFICER:

**MAGARENG MUNICIPALITY
FOREWARD OF THE MAYOR
ANNUAL FINANCIAL STATEMENTS 2004/05**

Since the 05th December 2000, Magareng Municipality was faced with financial problems at the same time the amalgamation of different municipalities has taken place. That in itself brought more challenges and we inherited farm areas with financial problems from 1994. One must reflect on the capacity challenges in terms of financial matter faced by local municipality eg appointment of Chief financial officer, accountant, chief accountant and other financial officials after a very long period. At this time we can announce that with the appointment of the Chief Financial Officer, two Financial Interns and Salary Officer the Magareng Municipality will progress in the future. Also the intervention from the different government departments, i.e. Department of Housing and Local Government, Frances Baard District Municipality, we can proudly say that progress to date is an achievement for Magareng Municipality.

The Council of Magareng Municipality is fully aware of the necessary legislation, timeframes and responsibilities regarding the submission of annual financial statements in terms of the MFMA chapter 12. The fact is drawn especially towards 2004/05 Annual Financial Statements which should have been ready by the 31st August 2005 but only adopted by Council on the 7th October 2005. This is late, however an achievement as the the previous year 2003/04 was submitted 6 months after the due date on the 31st January 2005.

Another factor affecting the submission was the suspension of the Municipal Manager on the 22nd April 2005 and only concluded on the 22nd September 2005.

The fact that a Municipality must succeed under extreme circumstances, without the necessary staff or sometimes means, like capacity and Cash Flow being inconsistent and the Government has to keep all stakeholders satisfied is a huge task.

I am proud to be associated with all working at Magareng Municipality and all stakeholders must feel proud too see the positive progress to date.

I would like to wish everyone well in their jobs at Magareng Municipality who had contributed to the smooth and efficient running of the Municipality.

Finally, I would like to say that Magareng Municipality can be seen to be improving and I am satisfied with all the efforts from all concerned.



Name in Full

**WILLY JOHNSON (Mr)
MAYOR MAGARENG MUNICIPALITY**

TREASURER'S REPORT

1. OPERATING RESULTS

Details of the operating result per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2005 are as follows:

INCOME	Actual 2005 R	Actual 2004 R	Variance 2005/04 %	Budget 2005 R	Variance Actual/ budget %
Opening surplus	(4035 031)	(3691 016)			
Operating income					
for the year	24 685 638	21 708 865	12.06	27 283 701	(9.52)
Closing deficit	20 650 607	18 017 849		27 283 701	
EXPENDITURE					
Opening deficit					
Operating expenditure for					
the year	24 375 143	21 430 882	12.08	27 283 701	(10.66)
Appropriations	(604 842)	621 998			
Closing surplus (Shortfall)	(3119 693)	(4035 031)			
	20 650 607	18 017 849		27 283 701	

1.1 Rate and General Services

	Actual 2005 R	Actual 2004 R	Variance 2005/04 %	Budget 2005 R	Variance Actual/ budget %
Income	17 415 368	14 565 767	16.36	17 707 881	(1.65)
Expenditure	18 225 907	14 780 808	18.90	20 401 991	(10.67)
Surplus/(deficit)	(810 538)	(215 041)	73.47	(2 694 110)	69.91
Surplus/(deficit) as % of total income	(4.65)	(1.48)		(15.21)	

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1.2 Housing Services

	Actual 2005 R	Actual 2004 R	Variance 2005/04 %	Budget 2005 R	Variance Actual/ budget %
Income	70 846	152 638	(53.59)		
Expenditure	31 526	42 100	100.00		100%
Surplus/(deficit)	39 320	110 538	(64.43)		-100%
Surplus/(deficit) as % of total income	55.50	72.42		0.00	-

1.3 Trading Services

The following is a summary of the operating results of the Municipality's Trading Services.

Electricity Services

	Actual 2005 R	Actual 2004 R	Variance 2005/04 %	Budget 2005 R	Variance Actual/ budget %
Income	4 314 879	3 805 370	11.81	4 481 640	
Expenditure	3 968 345	3 875 278	2.35	3 788 893	(3.72)
Surplus/(deficit)	346 534	(69 908)	120.17	692 747	4.74
Surplus/(deficit) as % of total income	8.03	-1.84		15.46	(49.98)

Water Services

	Actual 2005 R	Actual 2004 R	Variance 2005/04 %	Budget 2005 R	Variance Actual/ budget %
Income	2 884 545	3 185 089	(9.44)	5 094 180	
Expenditure	2 149 365	2 732 696	(21.35)	3 092 817	(43.38)
Surplus/(deficit)	735 181	452 394	62.51	2 001 363	30.50
Surplus/(deficit) as % of total income	25.49	14.20		39.29	(63.27)

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2. CAPITAL EXPENDITURE AND FINANCING

The expenditure consists of the following:

	2005 ACTUAL	2005 BUDGET	2004 ACTUAL
	R	R	R
Land and Buildings			
Public Works	383 531		904 785
Town clerk & treasury	331 699	4 181 276	
Graveyards and cemeteries			
Parks and Nature Resorts			
Sports			
Machinery and equipment	1 351 883	3 295 000	1 116 408
Other Fixed Assets	548 189	2 798 000	
Sanitation and Sewerage	402 954		6 519
Housing Service	15 680	7 500 000	
Electricity Service		345 000	
Water Service	200 000		615 612
	481 763	426 000	1 031 040
	3 715 699	18 545 276	3 674 365

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Resources used to finance the fixed assets were as follows:

	2005 ACTUAL	2005 BUDGET	2004 ACTUAL
External Loans	R	R	R
General	342 006	5,820,000	(82,703)
Contribution from operating income		-	-
Grants and subsidies	367 204	15 000	533,679
Provision and reserves	3 006 489	12,710,276	3206 225
Public contribution	-	-	-
Suspense Account	-	-	-
	3 715 699	18 545 276	3,657,201

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2005 amount to R 334,846 R (2004)
as set out in appendix B. During the year loans totaling R 16,004 was repaid.

Investments and cash on 30 June 2005 amount to R 19,098.91 R 17,635.00 (2004)

More information regarding loans and investments are disclosed in notes 4 and 7 and appendix B to the financial statements.

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4. FUNDS, RESERVES AND PROVISIONS

The movement regarding statutory funds, reserves and trust funds are given in appendix A.

5. APPRECIATION

I would like to thank the Mayor, other Councilors, the Municipal Manager and Departmental Heads for the support they have given me and my personnel during the year.

A special word of thanks to the personnel of the Treasury Department for their support in preparing the financial accounts of our municipality.



CHIEF FINANCIAL OFFICER:



ACCOUNTING POLICIES

1. Basis of presentation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition 1996, as amended).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy, note 3.
- 1.3 The financial statements are prepared on the accrual basis:
 - Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as licenses.
 - Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rate and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, electricity and water, which are treated as income and expenditure in the respective departments.

3. Fixed assets

- 3.1 Fixed assets are stated:
 - at historical cost; or
 - at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.
- 3.2 Depreciation:

The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

 - Appropriations from operating income, where the full cost of the assets forms an immediate and direct charge against operating income, and therefore it is unnecessary to make any further provision for depreciation.

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- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.

3.3 All net proceeds from the sale of fixed assets are credited to the Capital Development fund

3.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances.

4. Inventory

Inventory (stores and materials) is valued at the lower of cost, determined on the weighted average basis, and net realisable value.

5. Funds and reserves

Revolving Fund

Ordinance 20 of 1974, section 75(1), as amended determines that a local authority must make a minimum contribution of 7,5% in terms of the rates income of the previous financial year towards the revolving fund.

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6. Provisions

Provisions are created for liabilities or contingencies which are known or not known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy. The following funds are kept:

- 6.1 *Maintenance: Electricity*
- 6.2 *Maintenance: Water*
- 6.3 *Personnel Leave Fund*

7. Retirement benefits

Magareng Municipality and its employees contribute to various funds, which provide retirement benefits to such employees.

The retirement benefit plan is subject to the Pension Fund Act, with pensions being calculated on the final pensionable remuneration paid.

8. Surpluses and deficits

Any surplus or deficits arising from the electricity and water services are transferred to Rate and General Services to alleviate the tax burden of rate payers.

9. Investments

Investments are shown at original value and are invested per approved list of financial institutions issued by the Provincial Administration, Community Development Branch.

Investments were made according to the stipulations of the Second Amendment on the Local Government Transition Act, Act 97 of 1996.

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10. Income recognition

10.1 Electricity and water billings

All meters are read and billed monthly. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read.

10.2 Assessment rates

The municipality applies a differential rating system. In terms of this system assessment rates are levied on land and building value of property. Certain rebates are granted according to the use to which a particular property is put.

10.3 Licenses

Income is accrued as and when received.

11. Consolidated Loan Fund

The capital resources of the Consolidated Loans Fund consist of both external and internal loans. Advances are made to borrowings departments at an interest rate equal to the average effective rate of interest or another interest as determined by the Department of Local Government and Housing and is repaid over the useful life of the assets acquired.

12. Provision for Bad Debts

12.1 It is the policy of this Council that as long as a debtor had not absconded, the debt is assumed to be recoverable. The mere fact that a debtor does not pay for municipal services, for what ever reason, does not mean a bad debt exist and all debts are assumed to be recoverable.

12.2 The Financial manager has formally laid down procedures that are followed in an attempt to recover debts and it is only when a debt is proven to be unrecoverable that it is written off and consequently forms a charge against the operating account.

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MAGARENG MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2005

	Notes	2005 R	2004 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
Statutory funds		6,336,236	6,165,707
Reserves	1	5,383,259	5,212,730
	2	952,977	952,977
RETAINED SURPLUS/ (ACCUMULATED DEFICIT)			
	16	(3,119,693)	(4,035,031)
		3,216,543	2,130,676
TRUST FUNDS			
LONG-TERM LIABILITIES	3	1,391,138	1,236,677
CONSUMER DEPOSITS: SERVICES	4	284,211	-
	5	357,432	325,760
		5,249,323	3,693,113
EMPLOYMENT OF CAPITAL			
FIXED ASSETS			
INVESTMENTS	6	469,636	205,273
	7	19,099	17,635
		488,735	222,908
NET CURRENT ASSETS / LIABILITIES			
		4,760,588	3,470,205
CURRENT ASSETS			
		18,335,470	17,187,912
Stock (Inventory)	8	-	-
Debtors	9	15,900,408	14,924,887
Cash in bank and on hand		2,435,062	2,263,025
CURRENT LIABILITIES			
		(13,574,881)	(13,717,707)
Provisions	10	690 676	268 844
Creditors	11	10,498,270	10,969,086
Loans: short-term portion of long-term liabilities	4	50,635	-
Bank Overdraft		2,335,300	2,479,778
		5,249,323	3,693,113

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(Refer to appendix D and E for more detail)

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**CASH FLOW STATEMENT FOR THE YEAR
ENDED 30 JUNE 2005**

	Notes	2005 R	2004 R
CASH RETAINED FROM OPERATING ACTIVITIES			
Cash generated by operations		3 788 315	5 457 686
Investment income	17	5 225 715	3 600 623
(Increase) / decrease in working capital	15	8 936	
	18	(1446 336)	1 857 063
Less: External interest paid		121 157	40 261
Cash available from operations		3 667 158	5 417 425
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed Assets		(3 715 699)	(3 674 365)
Increase / (decrease) in Consumer deposits		31 672	12 918
1 NET CASH FLOW		(16 869)	1 755 978
CASH EFFECTS OF FINANCIAL ACTIVITIES			
Increase / (decrease) in long-term loans	19	334 846	(118 789)
(Increase) / decrease in cash investments	20	(1 464)	(1 472)
(Increase) / decrease in cash	21	(316 513)	(1 635 717)
2 NET CASH (GENERATED) / UTILISED		16 869	(1 755 978)

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MAGARENG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2005

1. STATUTORY FUNDS

Revolving Fund

(Refer to appendix A for more detail)

2005 R	2004 R
5 383 259	5 212 730
<u>5 383 259</u>	<u>5 212 730</u>

2. RESERVES

Replacement fund
 Loss of Rentals
 Indigents
 Capital: Extension 7
 Capital: Warren Crescent
 Capital: Motor replacement
 Maintenance: Public Works
 Maintenance: Electricity
 Maintenance: Water
 Maintenance: Houses
 Development fund

(Refer to appendix A for more detail)

472 063	472 063
19 009	19 009
27 053	27 053
20 764	20 764
6 054	6 054
17 311	17 311
102 261	102 261
70 911	70 911
128 033	128 033
69 187	69 187
20 332	20 332
<u>952 977</u>	<u>952 977</u>

3. TRUST FUNDS

Bursary fund
 Health & Hygiene
 Kopano Bakery
 Sports Facilities
 HIV/Aids/Cancer
 Transitional Grant
 Tshwaragano Trust Fund;
 Peanut oil project
 LED Regeneration
 Equitable Share
 Revolving fund
 Macumie project

(Refer to appendix A for more detail)

76 992	69 191
540 773	139 968
(49 225)	(39 278)
(315 022)	(317 411)
15 655	10 850
8 140	6 316
(10 849)	52 052
1 001 192	1 218 930
4 030	1 156
44 423	19 718
32 732	32 887
42 297	42 297
<u>1 391 138</u>	<u>1 236 677</u>

4. LONG TERM LIABILITIES

Ford Credit
 Less: Current portion transferred to current liabilities

334 846
(50 635)
<u>284 211</u>

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MAGARENG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2005

2005	2004
R	R

*(Refer to appendix B for more detail
on long term liabilities)*

None of the loans are secured by any assets of the Municipality.

LOCAL REGISTERED STOCK
Nothing

ANNUITY LOANS
Nothing

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MAGARENG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2005

(Continued)

5. CONSUMERS DEPOSITS - SERVICES

Electricity and water

2005 R	2004 R
357 432	325 760

No guarantees in lieu of electricity and water deposits were kept

6. FIXED ASSETS

Fixed assets at the beginning of the year
 Capital expenditure during the year
 Less: Assets written off, transferred or disposed
 during the year
Total fixed assets

41 683 404	38 009 040
3 715 699	3 674 365
45 399 103	41 683 404
(44929 467)	(41478 131)
469 636	205 273

Less: Loans redeemed and other capital receipts
Net fixed assets

*(Refer to appendix C and section 2 of the Treasurer's report
 for more detail on the fixed assets)*

MAGARENG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
7 INVESTMENTS		
Listed		
None		
Unlisted		
Long-term deposits	19 099	17 635
Short-term deposits		
TOTAL INVESTMENTS	<u>19 099</u>	<u>17 635</u>

**Marked value of listed investments, and
management's valuation of unlisted investments**

Listed investments	<u>n/a</u>	<u>n/a</u>
Unlisted investments	<u>19 099</u>	<u>17 635</u>

*Investment were made according to the stipulations of the Second
Amendment on the Local Government Transition Act,
Act 97 of 1996, Section 9.*

No investments have been written off during the year

*No investments have been pledged as security for any
funding facilities of the council.*

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MAGARENG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2005

(Continued)

2005
R

2004
R

8 STOCK (INVENTORY)

Stock represents consumable stores, raw materials, work in progress and finished goods. Where necessary specific provision is made for obsolete stock.

9 DEBTORS**9.1 Current debtors (consumers & others)**

Unallocated balance (NCR)

Sundry

Homes

System Income & Expenditure

Electricity

Water

Sewerage

Refuse

Rates

Housing

Veri Credit

Cheque queries

EPWP

28 762 291 26 046 616

1 141 1 254

(299 669) (237 975)

(957) (957)

68 269 68 269

2 214 051 2 057 206

10 476 961 9 249 627

5 453 924 4 746 763

4 790 811 4 135 499

5 612 445 5 370 984

378 154 644 849

1 649 1 654

18 051 9 443

47 460

9.2 Other Debtors

Payroll suspense account

Miscellaneous - Debt Telephone;

General suspense

General suspense

312 280 173 074

(419 956) (235 011)

382 391 197 906

138 845 (821)

211 000 211 000

Less: provision for bad debts

29 074 571 26 219 690

13 174 163 11 294 802

10 PROVISIONS

Bad debts

Leave provision

Leave gratuity provision

Interviews

Land

Leasehold

15 900 408 14 924 887

507 688 85 856

3 673 3 673

10 042 10 042

158 725 158 725

10 548 10 548

690 676 268 844

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MAGARENG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2005

(Continued)

11 CREDITORS

2005
R

2004
R

11.1 Trading

Output VAT
Input VAT
Hail Deposits
Caravan park deposit
Short term loan NKPA
Civic payment services
VAT 07/94
Suspense dep elec 08/94
Tender
Suspense Dumping Site
Upgrading Mocimi street

(91 796)	2 068 004
2 946 424	4 242 926
(4174 906)	(3301 492)
(1 040)	(11 156)
740	740
1 200 000	1 200 000
(250)	(250)
(128)	(128)
(2 513)	(2 513)
1 667	1 667
(25 876)	(25 876)
(35 913)	(35 913)

11.2 Other creditors

Sundry Creditors
ANC Council - Makame/Oliphant
Grant: Equitable Share;
Backpay - 1999 Exemption;
Bank Acc Transfer Suspense;
Unallocated direct deposits
Unallocated TEST
Audit Fees
Water Project Suspense

10 590 066	8 901 082
6 996 195	6 619 540
875	875
110 661	110 661
1 111 697	998 893
96 171	60 396
1 445 102	1 110 718
304 343	
158 538	
366 485	

10 498 270 10 969 087

12. ASSESSMENT RATES

Valuations: Land
Valuations: Improvements
Total valuations
Tariffs: Improvements
Tariffs: Land
Total income
Less: Discount on state properties
Value: Land
Value: Improvements
Net income

R	R
4 583 785	5 653 968
117 066 873	115 691 095
121 650 658	121 345 063
2 575 471	2 313 822
151 265	169 619
2 726 736	2 483 441
2 726 736	2 483 441

13. COUNCILORS REMUNERATION

Mayor
Councilors

Per month	Per month
9 898	4 837
2 236	1 934
12 133	6 771

14. AUDITORS REMUNERATION

Audit fees

158 538	144 125
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MAGARENG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2005

(Continued)

15. FINANCIAL TRANSACTIONS

Total external interest earned or paid

Interest earned

Interest paid

2005 R	2004 R
(8 936)	
(121 157)	(40 261)
<u>(130 093)</u>	<u>(40 261)</u>

Capital charges debited to operating account

Interest Paid : External

: Internal

Redemption : External

: Internal

Deferred cost written off

2005 R	2004 R
121 157	40 261
12 316	
7 160	
36 415	
<u>177 048</u>	<u>40 261</u>

16. APPROPRIATIONS

Appropriation account

Accumulated surplus / deficit at the beginning of the year

Accumulated surplus / (deficit) for the year

Appropriations for the year

Prior year adjustments

(4 035 031)	(3 691 015)
310 496	277 983
604 842	(621 998)
<u>604 842</u>	<u>(621 998)</u>
<u>(3 119 693)</u>	<u>(4 035 031)</u>

Accumulated surplus / (deficit) at the end of the year

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MAGARENG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2005

(Continued)

	2005 R	2004 R
17. CASH GENERATED BY OPERATIONS		
Surplus / (deficit) for the year	310 496	277 983
Adjustments in respect of the previous year's operating transactions	604 842	(621 998)
Appropriations debited to income		
- Capital expenditure		
- Salary packages		
- Provisions and Reserve		
- Dog tax fund		
-Capital Development fund/Revolving fund		
Capital charges		
Interest paid :	64 736	
- to internal funds	21 161	40 261
- to external loans	12 316	
Redemption :	8 845	40 261
- From internal funds	43 575	
- From external loans	36 415	
	7 160	
Grants and subsidies received from State	3 115 521	3 206 225
Non-operating income		
- Sale of Erven		
- Net other income	(8 936)	
Non-operating expenditure		
- Charged against funds	324 989	247 176
- Non-cash flow items	374 364	450 976
- Charged against provisions and reserves	421 832	
	<u>5 225 715</u>	<u>3 600 623</u>
18. (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / decrease in debtors	(975 521)	(1 687 338)
Increase / (decrease) in creditors	(470 816)	3 544 401
	<u>(1 446 336)</u>	<u>1 857 063</u>
19. INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)		
Loans raised	342 006	
Loans redeemed	(7 160)	(118 789)
	<u>334 846</u>	<u>(118 789)</u>

MAGARENG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2005

(Continued)

	2005 R	2004 R
20. (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENT		
Investments realised		
Investments made		
	(1 464)	(1 472)
	<u>(1 464)</u>	<u>(1 472)</u>
21. (INCREASE) / DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	(216 752)	(1 852 470)
Less : Cash balance at the end of the year	99 761	(216 752)
	<u>(316 513)</u>	<u>(1 635 717)</u>

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MAGARENG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
22. CONSOLIDATED LOANS FUND		
External loans (see appendix B)	334 846	205 272
Internal investments (surplus funds)	168 857	
Creditors	10 498 270	10 969 086
Less:	11 001 974	11 174 358
Deferred charges	15 900 408	14 924 887
External investments		
Debtors		
Temporary advances	15 900 408	14 924 887
(Refer to appendix B for more detail)	(4898 434)	(3750 529)

Net expenditure charged to borrowing service

Interest paid on external loans	121 157	(159 381)
Interest paid on internal investments	12 316	
Deferred charges written off		
Administration charges		
Less: Interest earned on external investment	133 473	(159 381)
	1 464	18 221
	132 009	(177 602)

23. CAPITAL COMMITMENTS

Commitments in respect of Capital Expenditure
 - Approved and contracted for

This expenditure will be financed from/

- Internal Source

- External Source

- Other

- Grants

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APPENDIX A

ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS
FOR THE YEAR ENDED 30 JUNE 2005

	Balance at 30/06/04 R	Contributions during the year R	Interest on Investments R	Other income R	Expenditure during the year R	Balance at 30/06/05 R
STATUTORY FUNDS						
Revolving Fund	5 212 730	170 529	-	-	-	5 383 259
STATUTORY FUNDS	5 212 730	170 529				5 383 259
RESERVES						
Replacement fund	472 063	-	-	-	-	472 063
Loss of rental	19 009	-	-	-	-	19 009
Indigents	27 053	-	-	-	-	27 053
Capital: Extension 7	20 764	-	-	-	-	20 764
Capital: Warren Crescent	6 054	-	-	-	-	6 054
Capital: Motor replacement	17 311	-	-	-	-	17 311
Maintenance: Public works	102 261	-	-	-	-	102 261
Maintenance: Electricity	70 911	-	-	-	-	70 911
Maintenance: Water	128 033	-	-	-	-	128 033
Maintenance: Houses	69 187	-	-	-	-	69 187
Development fund	20 332	-	-	-	-	20 332
RESERVES	952 977					952 977
TRUSTFUNDS						
Bursary fund	69 191	4,750	3,051	-	-	76 992
Health & Hygiene	139 968	-	132	500,000	99,327	540 773
Kopano Bakery	(39 278)	-	-	-	9,947	(49 225)
Sports Facilities	(317 411)	-	10,272	1,344,000	1,351,883	(315 022)
HIV/Aids/Cancer	10 850	4,600	205	-	-	15 655
Transitional Grant	6 316	-	1,841	-	18	8 140
Tshwaragano Trust Fund;	52 052	-	74	-	62,975	(10 849)
Peanut oil project	1 218 930	-	43,811	-	261,549	1 001 192
LED Regeneration	1 156	-	2,874	-	-	4 030
Equitable Share	19 718	-	24,736	-	31	44 423
Revolving fund	32 887	479	3	-	637	32 732
Macumie project	42 297	-	-	-	-	42 297
TRUSTFUNDS	1 236 677	9 829	86,999	1 844,000	1,786,367	1 391 138
PROVISIONS						
Leave provision	85 856	421,832	-	-	-	507 688
Leave gratuity provision	3 673	-	-	-	-	3 673
Interviews	10 042	-	-	-	-	10 042
Land	158 725	-	-	-	-	158 725
Leasehold	10 548	-	-	-	-	10 548
PROVISIONS	268 844	421 832				690 676

(Refer to notes 1.2.3 and 11)

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APPENDIX B
EXTERNAL LOANS AND INTERNAL ADVANCES
FOR THE YEAR ENDED 30 JUNE 2005

EXTERNAL LOANS									
Detail	Loan no.	Term/years	Rate	Original Loan amount R	Balance beginning of the year R	Received during the year R	Redeemed or written off during the year R	Interest charged during the year R	Balance at 30/06/05 R
Ford credit	5		14%	0	0	342 006	16 004	8 845	334 846
Total						342 006	16 004	8 845	334 846
(Refer to note 4)									
INTERNAL ADVANCES TO BORROWING SERVICE									
Internal Advances									
(Refer to note 27, 28 & 29)									
				Original Loan amount R	Balance beginning of the year R	Received during the year R	Redeemed or written off during the year R	Interest charged during the year R	Balance at 30/06/05 R
					205 272		48 731	12 316	168 857
					205 272		48 731	12 316	168 857

REVOLVING FUND

Extension to electricity network	5	6.00%	205 272	48 731	12 316	168 857
			205 272	48 731	12 316	168 857

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APPENDIX C
ANALYSIS OF FIXED ASSETS
FOR THE YEAR ENDED 30 JUNE 2005

Expenditure 2004 R	Service	Budget 2005 R	Balance at 30/06/04 R	Expenditure 2005 R	Written of transferred redeemed or disposed of during the year R	Balance at 30/06/05 R
2 027 712	RATES AND GENERAL SERVICE	18 545 276	28 293 857	3 033 936		31 327 793
911 304	Community service	6 979 276	13 276 826	1 666 373		14 943 199
	Land and buildings		2 636 559			2 636 559
6 519	Cemetery		2 081 001	402 954		2 483 955
	General streets		440 248			440 248
904 785	General repairs		5 778 611	383 531		6 162 142
	Warrenvale resort		7 861			7 861
	Public works		387 310			387 310
	K2		652 458			652 458
	K9		1 292 777	331 699		984 157
	Town clerk/ treasurer			548 189		548 189
	Machinery and equipment					
	Subsidised service					
1 116 408	Sports fields	3 295 000	2 188 517	1 351 883		3 540 401
1 116 408	Transka	3 295 000	1 483 654	1 351 883		2 835 538
	Parks		700 863			700 863
			4 000			4 000
	Economic service					
	Sanitation and sewerage	7 500 000	12 828 514	15 680		12 844 194
	Ex Kamieskroon Ekonomiese	7 500 000	12 828 514	15 680		12 844 194
	HOUSING SERVICE					
	Economic housing	345 000	3 167 004			3 167 004
		345 000	3 167 004			3 167 004
	TRADING SERVICE					
1 646 653	Electricity	426 000	10 222 544	681 763		10 904 307
615 612	Water		7 157 523	200 000		7 357 523
1 031 040		426 000	3 065 020	481 763		3 546 783
3 674 365	TOTAL FIXED ASSETS	18 545 276	41 683 404	3 715 699		45 399 104
	LESS : CAPITAL REDEEMED AND OTHER CAPITAL RECEIPTS					
3 657 201	Loans redeemed and advances paid		41 478 131	3 451 336		44 929 467
(82 703)	Contributions ex operating income		19 343 302	7 160		19 350 462
533 679	Grants and subsidies		3 659 180	367 204		4 026 384
3 206 225			18 475 649	3 076 972		21 552 621
17 163	NET FIXED ASSETS		205 273	264 363		469 636

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APPENDIX D
ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2005

Actual 2004 R	Actual 2005 R	Budget 2005 R
INCOME		
7 011 044		
7 011 044	8 120 046	9 211 000
	7 880 128	7 911 000
	239 918	1 300 000
14 697 821	16 565 592	19 622 701
Operating income		
2 981 020	2 884 545	5 094 180
3 791 182	4 307 217	4 383 640
2 273 717	2 029 990	2 474 670
	8 936	
5 651 902	7 334 904	7 670 211
21 708 865	24 685 638	27 283 701
EXPENDITURE		
7 990 808	10 089 272	10 631 628
11 729 479	12 203 992	13 323 466
2 803 542	3 145 232	2 583 020
1 656 308	599 796	1 150 000
7 269 629	8 458 964	9 590 446
1 351 539	1 041 924	1 658 231
	64 735	984 272
201 002	367 204	15 000
158 054	608 016	671 104
21 430 882	24 375 143	27 283 701
21 430 882	24 375 143	27 283 701

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DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

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APPENDIX F

'STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2004

General Statistics

i) Population	2002	2003	2004	2005
	Not Available	35000	35000	35000
ii) Valuation of Property Taxable	2002	2003	2004	2005
	121923758	117487665	117487665	107188163
Valuation of Property non Taxable	2002	2003	2004	2005
	2771655	2771655	4485921	4906865
iii) Valuation of Residential Property	2002	2003	2004	2005
	1886731	1886731	61789818	92528818
Valuation of Commercial Property	2002	2003	2004	2005
	120037027	115600934	13214325	9752480
iv) Number of Residential Properties	2002	2003	2004	2005
	4153	4249	4271	4374
Number of Commercial Properties	2002	2003	2004	2005
	38	38	41	146
v) Assessment Rate: Cent in the Rand	2002	2003	2004	2005
	0.019	0.019	0.02	0.033 0.022
vi) Number of Employees	2002	2003	2004	2005
	109	116	117	134

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b) Electricity Statistics

<u>i) Number of users</u>			
2002/03	2003/04	2004/05	
	1792	2466	
<u>ii) Units bought</u>			
2002/03	2003/04	2004/05	
	14307840	14086879	
<u>iii) Units sold</u>			
2002/03	2003/04	2004/05	
not available	not available	8817105	
<u>iv) Units lost in distribution</u>			
2002/03	2003/04	2004/05	
not available	not available	5269774	
<u>v) Units lost percentage of (ii)</u>			
2002/03	2003/04	2004/05	
not available	not available	37%	
<u>vi) Cost per unit bought</u>			
2002/03	2003/04	2004/05	
not available	not available	0.11	
<u>vii) Loss in distribution</u>			
2002/03	2003/04	2004/05	
not available	not available	5,269,774	
<u>viii) Cost per unit sold</u>			
2002/03	2003/04	2004/05	
0.32000	0.32570	0.3898	
0.29680	0.29680	0.4018	
0.24380	0.24380	0.3554	
0.19910	0.22350	0.2235	
46.98000	46.68760	49.9557	
KV. Per			
<u>ix) Income per unit sold</u>			
2002/03	2003/04	2004/05	
not available	not available	0.49Cents / unit	

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c) Water Statistics**i) Number of users**

2002/03	2003/04	2004/05
not available	5859	5482

ii) Units bought

2002/03	2003/04	2004/05
not available	not available	1347259

iii) Units sold

2002/03	2003/04	2004/05
not available	872810	749189

iv) Units lost in distribution

2002/03	2003/04	2004/05
not available	not available	598070

v) Units lost percentage of (ii)

2002/03	2003/04	2004/05
not available	not available	44.39%

vi) Cost per unit bought

2002/03	2003/04	2004/05
not available	R 281.77	R 0.65

vii) Loss in distribution

2002/03	2003/04	2004/05
not available	not available	R 390 690

viii) Cost per unit sold

2002/03	2003/04	2004/05
2.97	3, 52	3.18
3.52	4.07	3.77
4.07	4.40	4.35
4.40		4.71

ix) Income per unit sold

2002/03	2003/04	2004/05
not available	not available	R 3.850

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